: Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA § 45.1-361.26

BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds

(and Authorization for Direct Payment of Royalties)

JURISDICTION: Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq)

UNIT/WELL NAME: \

VC-538607

TRACT(S):

Tracts 1 & 3

LOCATION:

Dickenson County, Virginia

TAX ID NUMBER:

Tax Map Numbers Found on Exhibit B

DOCKET NUMBER:

VGOB- -7-1113-2071-01

APPLICANTS:

EQT Production Company on behalf of Mary Mayes and Standard Banner Coal

Company

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia

May 15, 2012

APPEARANCES:

Jim Kaiser on behalf of EQT Production Company and Sharon Pigeon, Sr.

Assistant Attorney General representing the Virginia Gas and oil Board

PRIOR PROCEEDINGS:

- 1. Original Pooling Order Executed 10/01/08, Recorded 10/17/08, Deed Book 459
- 2. Supplemental Order Executed 10/19/09, Recorded 11/12/09, Deed Book 472

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the May 15, 2012 hearing and consider whether to:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tracts 1 & 3 identified in the attached miscellaneous petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tracts 1 & 3 relative to the interests of the Applicants identified in the attached miscellaneous petition.
- (3) Continue the escrow account under this docket number.

FINDINGS: Code of Virginia § 45.1-361.22

Applicant has certified and represented to the Board that:

1. The owner of the coal estate for Tracts 1 & 3 is Standard Banner Coal Company for the subject drilling unit.

- 2. The owners of the gas estate for Tract 1 is Mary Mayes and Victoria Rasnake, the owner of the gas estate for Tract 3 is Mary Mayes for the subject drilling unit.
- 3. The aforementioned owners have entered into a royalty split agreement consisting of (50/50) as referenced in the attached miscellaneous petition, as shown in Table 1.

RELIEF GRANTED:

		VGOB Approved Disbursement						
		VGOB 07-1113-2071-01	Fractoreal Ownerskep	Net Aureage Ownership	Soyalir Spla	Escrowed Acres	Percent of Exerowed Funds	
		C-538607	in Tract	n fract	Agreement	Datumed	Disbursed	
		TABLE 1						
		Tract 1 and 3	· ·					
licm 1	înet_	Disburgament Table						
		Total acreage in escrow before disbursement				22,2800		
	ı	Tract 1	11.73					
	1	May Mayes & Victoria Rasnick, P. O. Box 286, Dante, VA 24237	unknown	11.7300	50.0%	5,8650	26.3241%	
2	1	Standard Barmer Coal Co., P. O. Box 750, Wise, VA 24237	unknown	11 7300	50 0%	5 86 <u>50</u>	26.3241%	
	3	Tract 3	1.86					
	3	Mary Mayes, P. O. Box 750, Wise, VA 24237		_t_8600	50 0%	0.9300	4,1741%	
2	3	Standard Barner Coal Co., P. O. Box 750, Wise, VA 24237		1.8600	50 0%	0.9300	4.1741%	
				1				

- 1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.
- 2. The Escrow Agent is ordered to continue the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

APPEALS:

Appeals of this Order are governed by the provisions of the *Code of Virginia* § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

K.	ffe	ctiv	e D	ate:

This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 26	lay of2012, by a majority of the Virginia Gas
and Oil Board.	Bradley C. Lambert, Chairman Virginia Gas and Oil Board
DONE AND PERFORMED this 26 th and Oil Board.	_ day of <u>Jun e</u> 2012 BY Order of the Virginia Gas
	Rick Cooper, Principal Executive to the Staff Virginia Gas and Oil Board
COMMONWEALTH OF VIRGINIA	

COUNTY OF RUSSELL)

Acknowledged on this 26 day of 2012, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and Rick Cooper, being duly sworn did depose and say that he is Acting Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and were authorized to do so.

Diane J. Davis, Notary Public #174394

My commission expires: 09/30/2013



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of Mary C. Mayes and

Standard Banner Coal Corporation.

DOCKET NUMBER: VGOB 07/11/13-2071-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds

on behalf of Mary C. Mayes and Standard Banner Coal

Corporation.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-538607 created by Board

Order Dated October 1, 2008, VGOB 07/11/13-2071 in

Dickenson County, Virginia.

HEARING DATE: May 15, 2012

MISCELLANEOUS PETITION

 Party: Applicant herein is Mary C. Mayes, (hereinafter "Plaintiff"), whose address is P.O. Box 286, Dante, VA 24237 and Standard Banner Coal Corporation, (hereinafter "Plaintiff"), whose address is: P.O. Box 750, Wise, VA 24293.

2. Facts:

- a. Equitable was designated as the Operator and Applicants interests were Pooled in the VC-538607 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on October 1, 2008, pursuant to Docket No. VGOB 07/11/13-2071 and recorded in the Circuit Court Clerk's Office of Dickenson County, Virginia on October 17, 2008, Deed Book 459, Page 066 (hereinafter "Order").
- b. The order and Supplemental Order required the Escrow Agent named and appointed therein
 - to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
- c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not me made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.
- d. Standard Banner Coal Corporation was a conflicting claimant with the above-listed Plaintiffs with regard to Tracts 1 and 3 as created by Board Order as VGOB 07/11/13-2071 are the applicable Tracts.

Docket No. VGOB 07/11/13-2071 Page 2

- e. To resolve this conflict, a Royalty Agreement dated July 27th, 2007 between Mary Mayes (life tenant) and Victoria Rasnick (remainderman), and Standard Banner Coal Corporation is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - The Applicants certify that the matters set forth in the application, to the
 best of their knowledge, information, and belief, are true and correct and
 that the form and content of the Application and conform to the
 requirements of relevant Board regulations and orders.
 - Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.

Docket Number VGOB 07/11/13-2071 Page 3

- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 13th day of April, 2012.

Petitioner

Address: Wilhoit & Kaiser

220 Broad St, Ste. 301 Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.

Petitioner

M 64116 032

Tale Instrument Propertid by: Danald R. Johnson, Attorney of Law, 1950 Electric Road, Rosnoke, VA 24015-1671,

ROYALTY AGREEMENT

MM, UC

THIS AGREEMENT, made and entered into this 9th day of July, 2007, between MARY MAYES, life tenant, and VICTORIA RASNICK, remainderman, hereinafter referred to as "First Party," and STANDARD BANNER COAL CORPORATION, a Virginia corporation, hereinafter referred to as "Second Party."

WHEREAS, Second Party owns coal underlying a certain tract or tracts of land in Dickenson County, Virginia, which tract or tracts of land are described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, First Party owns oil and gas underlying the land described in Exhibit A; and WHEREAS, the parties hereto recognize that they have been or may be designated by statutory or regulatory requirements as conflicting claimants to the coalbed methane/coalseam gas; and

WHEREAS, the parties hereto desire to agree that all royalties from the production of coalbed methane/coalseam gas underlying said land shall be apportioned equally between the First Party and the Second Party; and

WHEREAS, the parties desire by this instrument to set forth their agreement for apportionment of said production royalties, all as contained herein.

NOW THEREFORE, in consideration of the premises which are incorporated herein as a part of this Agreement and not as mere recitals, the payment of One Dollar (\$1.00) by the Second Party to the First Party and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties intending to be legally bound, it is hereby agreed as follows:

INALD R. Jornson Attorney at Law Igar Loaf Croesing 950 Electric Road Anche Verginia 24018 E401 888-3505

BK LLIPE 033

- 1. First Party and Second Party agree that all royalties with any accrued interest which have been paid into any escrow account and those now due or which will, in the future, become due from coabed methane/coalseam gas underlying the land described in Exhibit A where Second Party owns the coal and First Party owns the oil and gas in Dickenson County, Virginia, shall belong to and be paid equally (50%-50% basis) to the First Party and the Second Party. Either Party is authorized to seek the release of any and all monies held in any escrow account on account of the coalbed methane/coalseam gas underlying the land and the future disbursement of the royalties equally to the First Party and the Second Party. The First Party agrees that all monies due and owning on account of the interest of the First Party shall be paid to Mary Mayes during her lifetime, and, at the death of said Mary Mayes, all monies due and owing after her death on account of such interest of the First Party, shall be paid to Victoria Rasnick, her heirs, successors and assigns as the circumstances at such event determine.
- 3. This Agreement shall cease and terminate upon the exhaustion of all coalbed methane/coalseam gas underlying the above described land.
- 4. This Agreement states the entire agreement between the parties, and no representation or promise, oral or written, on behalf of any party shall be binding unless contained herein and may not be amended or revoked except by written agreement executed by all parties hereto, their successors or assigns. This Agreement shall be binding upon and benefit the parties' successors and assigns.

TALD R. JOHNSON TTORNEY AT LAW PAR LOAF CROSSING SO ELECTRIC ROAD NORT VIRGURA 24018 C4401 949-2505

m blips osk

WITNESS THE FOLLOWING SIGNATURES AND SEALS. Executed in duplicate.

MARY MAYES

VICTORIA RASNICK

STANDARD BANNER COAL CORPORATION

By: A Consideration

Its President

STATE OF 🖳	scensor)_	<u> </u>	
	<i>()</i>		
COUNTY OF	(Vice)		

The foregoing Agreement executed and acknowledged before me this <u>27</u> day of

fully 2007 by Mary Mayes and Victoria Rasnick, First Party therein, as the act and

deed of each of them as the First Party

Notary Public

My commission expires: 10/31/08

Junin C

STATE OF TURQUES

COUNTY OF Washington

ALTH OF VIRGINIA

The foregoing Agreement was executed and acknowledged before me this 35 day of

. AND the Course Service Described of STANDARD PARKING COAT

2007, by Conrad McNeer, President of STANDARD BANNER COAL

CORPORATION, as the act and deed of said Corporation.

Notary Public

My commission expires:

80-18-8

U-OKE, VIRGINIA 24018 (540) 959-8503

NALD R. JOENSON ATTORNEY AT LAW

Kar Loaf Crossing

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VICKIE PAINTER
Hotory Public Joldon O
Commonwealth of Virginia
My Commission Expires Aug 31, 2008

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EXHIBIT A

AGREEMENT DATED JUNE 26, 2007

MARY MAYES AND VICTORIA RASNAKE, FIRST PARTY AND

STANDARD BANNER COAL CORPORATION, SECOND PARTY

Rea Estate is described as a tract or parcel of land containing twenty-five and one-half acres, more or less, situate at or near the waters of the McClure River in Dickenson County, Virginia, as is more fully bounded and described as TRACT NO. 1 in a deed dated April 23, 1957, of record in Deed Book 114, at page 572, in the office of the Clerk of the Circuit Court of Dickenson County, Virginia, from Troy Salyers to his wife Ada Salyers. The said Ada Salyers died testate and bequeathed the aforesaid real estate by her Will (Article V therein) to her daughter, Mary Mayes, referred to therein as Mary Mays, for her lifetime, and, at her death, to the granddaughter of said Ada Salyers and the remainderman, Victoria Rasnick, which Will is of record in the aforesaid Clerk's office in Deed Book 325, at page 554. Reference is also made to a deed dated October 28, 1947, of record in the aforesaid Clerk's office in Deed Book 92, at page 33.

Map No. 171A-1653

INSTRUMENT #070001422
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON ON
AUGUST 2, 2007 AT DB:47AM
JOE TATE: CLERK

RECORDED BY: JBM

VIRGINIA IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, 2/2, 2007. This decrewas this day presented in said office, and upon the certificate of acknowledgment thereto arrived, admitted to record at 8:157 office; AM, after payment of tax imposed by Sec. 59.1-802.

Original returned this date for Mill CKOON o

BY: ALL TESTS

LA D. CLERK

CTALD R. JOENSON
ATTORNEY AT LAW
GAR LOAF CROSSING
B50 BLECTRIC ROAD
ANOKE VIRENIA 24018
(540) 908-2303

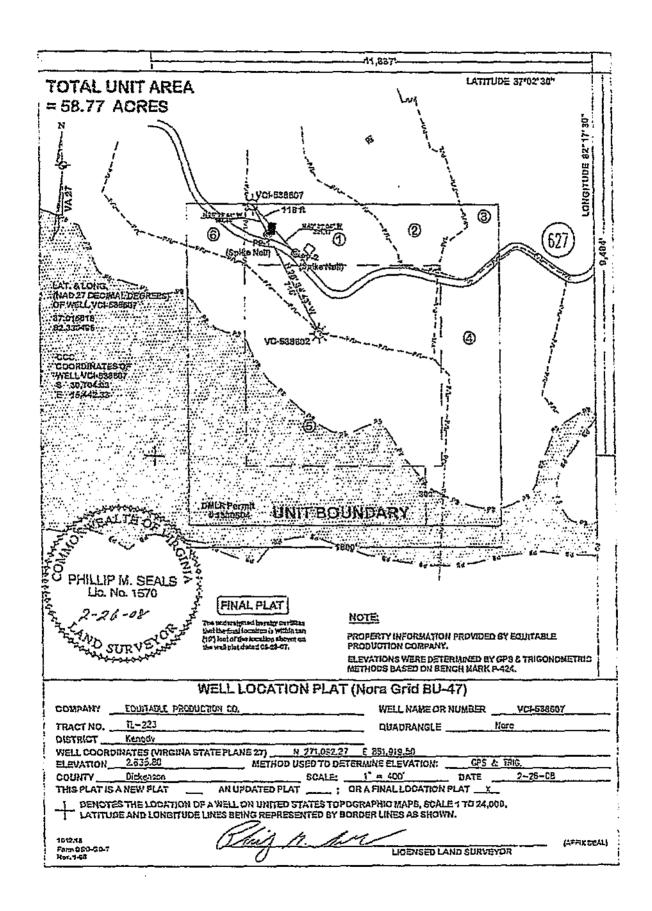


EXHIBIT Al

BK 499PG 226

Amount from 02/2012 First Bank Summary \$11,918.07

		VGOB 07/11/13-2071 VC-538607	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds	Disbursement \$
ltem	Tract	Disbursement Table					
		Totals			22.28		
	1	1 Mary Mayes and Victoria Rasnick	11.73	50%	5.865	26.324057%	\$3,137,32
	2	1 Standard Banner	11.73	50%	5.865	26.324057%	
	3	3 Mary Maryes	1.86	50%	0.93	4,174147%	
	4	3 Standard Banner	1,88	50%	0.93	4.174147%	\$497.48
							

 Beginning Acreage in Escrow
 22.28

 Acreage Disbursed
 (\$13.59)

 Remaining Acreage in Escrow
 8.69

SUPPLEMENT "B" VCI-538607

VGOB - 07/11/13-2071

TRACT	<u>LESSOR</u>	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT	NET REVENUE <u>INTEREST</u>	
	Gas Estate Only					
1 TAX ID 11017	Mary Mayes & Victoria Rasnick P. O. Box 286 Dante, VA 24237-0286	Leased 906478	19.96000%	11.73	0.02495000	RI
	Equitable Production				0.17465000	Wi
Track 1 Totals			19.96000%	11.73	0.19960000	- -
2 TAX ID 10341	Damon A. Rasnick & Bobbi Rasnick, h/w 4241 Long Ridge Nora, VA 24272	Leased 906506	4.1900000%	2.46	0.00523750	RI
	Equitable Production				0.03666250	WI
Tract 2 Totals			4.1900000%	2.4600	0.03088230	- ^*1
3 TAX ID 5106	Delmar H. & Mary Mayes h/w P.O. Box 286 Dante, VA 24237	Leased 905997	3.160000%	1.86	0.00395000	RI
	Equitable Production				0.00705000	
Tract 3 Totals	Equipole (Todabijo))	•	3.160000%	1.8600	0.02765000 0.03160000	. WI
4 TAX ID 5889	Wellmore Energy Company, LLC. 1005 Glenway Ave Bristol, VA 24202	Unleased	14.7900000%	8.69	0.01848750	Ri
	Equitoble Description					
Tract 4 Totals	Equitable Production	-	14.7900000%	8.69	0.12941250 0.14790000	WI
5 TAX ID 11816	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 41490/TL22	54.960000%	32.3	0.06870000	RI
Tract 5 Totals	Equitable Production	-	54.960000%	32.3	0.48090000 0.54960000	WI

6 TAX ID 11829	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 41490/TL22:	2.940000% 3	1.73	0.00367500	RI
Tract 6 Totals	Equitable Production	-	2.940000%	1.7300	0.02572500 0.02940000	WI
	TOTAL GAS ESTATE		100.00%	58.77	1.00	
	Coal Estate Only					
1 TAX ID 11659	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-22	19.96000% 3	11.73	0.02495	RI
	Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller					
Tenet 1 Tetals	Equitable Production	_			0.1747	WI
Tract 1 Totals			19.960000%	11.7300	0.1996	
2 TAX ID 10341	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-22	4.190000% 3	2.4600	0.0052	RI
TAX ID# 12453	Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller					
	Equitable Production				0.0367	WI
Tract 2 Totals		<u>-</u>	4.190000%	2.4600	0.0419	
3 TAX ID 5106	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-223	3.160000% 3	1.8600	0.0040	RI

Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller

Tenet 2 Tetals	Equitable Production			_	0.0277	wı
Tract 3 Totals	<u> </u>		3.160000%	1.8600	0.0316	_
4 TAX ID 11659	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-2	14.790000% 223	8.6900	0.0185	RI
	Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller					
	Equitable Production				0.1294	Wi
Tract 4 Totals	·		14.790000%	8.6900	0.1234	- **'
5 TAX ID 11816	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-2	54.960000%	32.3000	0.0687	RI
	Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller					
	Equitable Production				0.4900	wı
Tract 5 Totals		•	54.960000%	32.3000	0.4809 0.5496	. '
6 TAX ID 11829	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 1490L/TL-23	2.940000%	1.7300	0.0037	RI
	Wellmore Coal Company, LLC- Coal Lessee Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller					
	Equitable Production				0.0007	1411
Tract 6 Totals	-4	-	2.940000%	1.7300	0.0257 0.0294	WI
			2,0-1000070		0.0234	
	TOTAL COAL ESTATE		100.00%	58.77	1.0000	

EXHIBIT "E" VCI-538607

3/20/2012

<u>TR</u>	LESSOR	LEASE <u>STATUS</u>	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE IN UNIT
		Gas Estate Only		
4	Wellmore Energy Company, LLC. 1005 Glenway Ave Bristol, VA 24202 TAX ID 5889	Unleased	14.7900000%	8.69
	TOTAL		14.790000%	8.6900
	. <u>\$</u>	Coal Estate Only		
4	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293 TAX ID 11659	Leased 1490L/TL-223	14.79000%	8.69
	Wellmore Coal Company, LLC- Coal Less Blackwatch Division P.O. Box 458 Big Rock, VA. 24603 ATTN: Bill Fuller	see		

EXHIBIT "EE" VC-538607

VGOB - 07/11/13-2071 3/20/2012

<u>TR</u>	<u>LESSOR</u>	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE <u>IN UNIT</u>	
	<u>Gas Es</u>	state Only			
1	Mary Mayes & Victoria Rasnick P. O. Box 286 Dante, VA 24237-0286	Leased 906478	9.98000%	5.865	50%
3	Delmar H. & Mary Mayes h/w P.O. Box 286 Dante, VA 24237	Leased 905997	1.580000%	0.93	50%
	TOTAL		11.560000%	6.7950	
	<u>Coal E</u>	state Only			
1	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 241490L/TL-223	9.98000%	5.865	50%
3	Standard Banner Coal Corporation P. O. Box 750 Wise, VA 24293	Leased 241490L/TL-223	1.580000%	0.93	50%
	TOTAL		11.560000%	6.7950	

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ANGEROMENT #1200U1010

ANGEROMENT IN THE GEERN 5 OFFICE OF

DEGAENSON ON

AUGUST 21 2012 AT 02:24PM

Michamb W. EbWAKber GLERK Reconded Eff dom